

TBL Responses to Questions Regarding Available Transmission Capacity for Short-Term Firm Requests on the Network, Received as of March 5, 2004 – Version 1

Following are TBL responses to customer comments and questions received regarding TBL's recent announcement on ATC for the Short-Term Firm market ("short-term ATC"). Please note that any reference to "Short-Term Firm" in TBL responses has been shortened to "STF."

Questions were received from the following and are listed in the order received:

- [Lon Peters](#)
- [Powerex](#)
- [Power Business Line](#)
- [Columbia Falls Aluminum & Evergreen Aluminum](#)
- [Avista](#)
- [Grant County PUD](#)

Lon Peters

**What prompted TBL's decision that there was a problem of "inconsistency" in ATC calculations? Was there a specific event that caused this announcement?**

As indicated in our OASIS posting on 2/26, TBL has been aware of some time for the potential for problems in determining ATC for STF requests because it does not have a method to determine ATC for STF requests on the network that is consistent with the methodology for determining ATC for Long-Term Firm service on the Network.

Although there was no single event, after refusing a Long-Term Firm request under the new ATC methodology, TBL received STF requests for similar amounts over Network. Under the pre-November 12, 2003, methodology the short-term request would have been granted. But analysis of the refused long-term request had revealed that there was insufficient long-term ATC on the Network. This result was unacceptable as TBL would be in a position of awarding requests for STF service that could block higher priority requests for Long-Term Firm service.

A number of considerations led to our decision to temporarily suspend the awarding of STF network service requests beyond April 30. These considerations included:

- The extensive work undertaken over the past two years to model and develop the Long-Term Firm service ATC methodology highlighted the degree to which constrained paths must be managed to avoid loading critical transmission paths to their limits. This has limited the amount of ATC available to satisfy existing Long-Term Firm requests in the queue.
- Large amounts of new generation have entered commercial service in the past 12 months that have the potential to cause reliability problems on the constrained paths. This is due to the fact that some of this generation does not hold firm transmission contracts and would require short-term firm service.
- Recent offers of service to parties in the Long-Term Transmission Queue, if accepted, will use up the remaining long-term ATC across several of the most critical Network transmission paths.

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- As of last October, STF Redirects allow customers to redirect lower value firm transmission to high value constrained paths and have the potential in the short-term to alter historic dispatch patterns and create increased transmission loading where it hasn't been experienced in the past.

**What is the current or existing method (or methods) for determining short-term ATC?**

Currently, TBL calculates short-term ATC across the following paths: West of Hatwai, PNW to Idaho, Montana to PNW, the Northern Intertie (hereinafter referred to as "external interconnections"), COI and DC. For these paths, BPA's existing firm transmission commitments are subtracted from BPA's share of TTC over each external interconnection and intertie to determine ATC for all short-term firm requests. As the Preschedule Day approaches, the TTC for such paths is adjusted for outages that are posted on the "Curtailments and Interruptions" page of TBL's website.

**What is the nature of the "inconsistency" between the existing methods for determining short-term ATC and the new method for determining long-term ATC?**

Long-term ATC is currently determined on ten Network Flowgates<sup>1</sup> by analyzing Path Utilization Factors (PUF); considering existing firm commitments, including obligations for POR/POD combinations; and evaluating impacts on identified Network Flowgates from the new requests, in particular resulting from the POR/POD combinations.

Currently, consideration of Short-Term requests on the Network does not apply PUF impacts nor consider impacts on the specified Network Flowgates because it does not measure POR/POD combinations, but instead focuses on control area to control area impacts as measured at the external interconnections.

**What would happen if the current methods for determining short-term ATC were just applied in combination with the new long-term ATC method? What would be the impacts on reliability, TBL revenues or other TBL objectives?**

Implementing the long-term ATC methodology for Short-Term Firm requests is not currently possible. The data that is submitted for Short-Term Firm requests does not provide the information that is required, such as POR/POD combinations, to apply the Long-Term ATC methodology. We are evaluating the options and their impacts to resolve this inconsistency.

Continuing the current practice of accepting all Short-Term Firm service requests on the Network could potentially impact or degrade Network reliability, as well as adversely affecting existing obligations and new commitments to higher priority Long-Term Firm requests currently pending in the queue.

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<sup>1</sup> See Appendix 1 of the ATC Methodology

**Are any changes expected in the methodology for purchasing short-term service (i.e., modifications to OASIS), once the new method for calculating short-term ATC is established?**

There may be changes in information required on the OASIS. We are currently evaluating this option. The ultimate resolution of the issue may entail revising procedures for calculating short-term ATC, as well as revising our procedures for posting the availability of STF, selling STF and allocating the award of STF when demand exceeds supply.

#### Powerex

**TBL has shortened the duration of existing transmission requests that extended beyond April. Does TBL expect transmission customers to pay initial Day 1 to 5 rates when resuming transmission requests for May once the Short-Term Firm ATC methodology has been resolved or a work around put in place? If an interim solution is put in place to provide capacity for a limited time, such as posting one month at a time, Powerex objects to paying the higher Day 1 to 5 rate repeatedly for the same transmission.**

The portion of STF requests requiring Network capacity beyond the period that ATC is zero will be refused. When capacity becomes available, new STF requests using the Network may be submitted and will be evaluated and awarded as appropriate. The current rates must apply to such awards, without change. The objection of Powerex to this policy is acknowledged.

**Will TBL honor the existing queue times for requests for transmission for May and beyond?**

TBL will evaluate STF requests using the Network as received and will award service for the portion of such requests that can be accommodated with the available capacity consistent with the Tariff and applicable business practices. If a STF request requires Network capacity in the period that ATC is zero, then that portion of the request will be refused, and no queue will be established to further process such requests.

**A solution to the above problems would be to put requests, or the portion of the request extending past April, into abeyance, until the issue is resolved (i.e. not denying the requests, but allowing these requests to remain in the queue until such time as BPA reinstitutes the queue). Is this being considered?**

This is not being considered. The process contemplated by this proposal would require significant system and procedural changes that TBL chooses not to implement.

**If the existing queue is not honored, will advance notice be given to customers as to when requests for capacity for May and beyond may be queued?**

TBL Responses to Questions Regarding Available Transmission Capacity for Short-Term Firm Requests on the Network, Received as of March 5, 2004 – Version 1

As explained previously, no queue will be created as a result of this issue. STF requests using the Network will continue to be promptly evaluated in accordance with Tariff and business practices, and awarded or refused as appropriate. Changes in ATC for STF requests on the Network will be posted as it becomes available.

**Is it possible to provide at least a minimal amount of capacity, a limitation greater than zero, for May, and beyond, until the issue can be resolved?**

A method for determining a minimal amount of ATC for STF on the Network would be the same method for determining any amount of ATC. We are working to create such a method.

**If this issue is not resolved by May, how will TBL deal with loss returns? Will daily or hourly firm capacity be made available? Will this be provided through OASIS? If so, the 5 request restriction, as stated in the Manual Process for STF Reservations (posted Sept 23, 2003), needs to be eliminated.**

TBL is accepting requests for STF service for the period extending through June 30, 2004.

TBL will respond to the balance of this question at a later date.

**Will TBL be sharing information during the process of resolving the methodology inconsistency with customers, and will TBL be accepting feedback through the process to resolution?**

TBL will not use a public process to develop a methodology to evaluate STF requests. However, TBL will notify customers of such methodology, and will consider customer comments.

**If it becomes apparent a resolution to this problem will not be completed prior to May, at what date will TBL invoke a back-up plan? Will customers be allowed to comment on the back-up plans?**

TBL is accepting requests for STF for the period extending through June 30, 2004.

Presently, TBL is working on this issue and invites customers and interested persons to propose reasonable alternatives that preserve Network reliability for existing obligations and higher priority Long-Term Firm requests, and that are consistent with Tariff, current business practices and rates.

**Does one person have accountability for resolving this problem? Who is accountable?**

This issue has multiple levels of complexity affecting many aspects of TBL's business and all uses of the network system. The method of resolution will have significant implications. Therefore, a team with expertise in various disciplines is accountable for

preparing a comprehensive solution. Specific concerns should be raised with Account Executives, which will be forwarded to the team for consideration.

#### PBL

**Curtailing short-term sales of ATC as BPA enters the spring run off places an unnecessary financial burden on us that we had not expected, or budgeted toward. We feel that if TBL needs to place a (short-term) moratorium on short-term sales, such a moratorium would have a lesser impact during the months of September/October.**

TBL has ultimate responsibility for ensuring the reliable operation of the BPA transmission system. An ATC equal to zero reflects TBL's need to address potential reliability conditions, including preserving quality of service for existing firm transmission commitments and respecting higher priority Long-Term Firm requests. While we are concerned about the effect on all customers' commercial transactions, as well as financial impacts to TBL, one of BPA's fundamental obligations is to preserve and maintain system reliability.

**Is there any reason TBL cannot continue to sell Weekly and Daily firm during this moratorium as a way to lessen the financial impact/burden this decision will have on customers.**

Presently, TBL is working on this issue and invites customers and interested persons to propose reasonable alternatives that preserve Network reliability for existing obligations and higher priority Long-Term Firm requests, and that are consistent with Tariff, current business practices and rates.

#### Columbia Falls Aluminum/Evergreen Aluminum

**Will TBL look at the specific attributes of a request for short-term firm transmission (for service beyond May 1, 2004) before denying such request? For example, if a transmission customer requested short-term firm transmission from west to east over the West of Hatwai path, would we grant that request or automatically deny it?**

Presently, STF requests using the Network do not include specific attributes, such as POR/POD combinations, that would enable TBL to evaluate impacts of such requests on the Network. Therefore, any portion of a STF request that requires any Network capacity in the period when ATC equals 0 will be refused.

**If there is no resolution by mid-April 2004, will TBL make any exceptions if a transmission customer needs to purchase something less than 5 MW of short-term firm transmission beginning May 1, 2004?**

TBL is now accepting requests for STF for the period extending through June 30, 2004.

Avista

**How will BPA accommodate parties that need firm transmission to meet various obligations, such as reserve obligations?**

TBL will evaluate all STF requests using the Network as received and will award firm service for the portion of such requests that can be accommodated with the available capacity consistent with, existing commitments, the Tariff and applicable business practices.

Grant County PUD

**What will happen to existing reservations, beyond April 30, 2004, that have already been confirmed?**

STF requests that have been confirmed will be honored.

**Why is there a problem with Redirects, if you already have a long-term contract and you are redirecting an amount that is less than or equivalent to your contract, why would there not be ATC available for the redirect?**

Changing a POR or POD alters the flow of power on the Network and thus changes impacts to the Network Flowgates.

Please refer to the Long-Term Network ATC Methodology that was recently developed and implemented last November:

[http://www2.transmission.bpa.gov/Business/Customer\\_Forum\\_and\\_Feedback/Contract\\_Lock/default.cfm?page=ATC](http://www2.transmission.bpa.gov/Business/Customer_Forum_and_Feedback/Contract_Lock/default.cfm?page=ATC)